



Minority Staff
Committee on Government Reform
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Backgrounder for Members

Republican Claims About the VA Budget

Administration officials and Republicans in Congress have made several claims regarding the VA budget and its impact on veterans. This fact sheet evaluates these claims.

Claim: The President's proposed budget for VA health care and the budget passed by the House and Senate are adequate because they increase VA funding by 12.9% over FY 2003 funding levels.

The Facts: The proposed increase is insufficient to meet all veterans' medical needs. A significant portion of the proposed increase is needed to account for medical inflation, which was 4.7% in 2002,¹ and new enrollment, which is expected to increase by 8% this year.² Moreover, internal administration documents indicate that the cost of providing health care to veterans under current law in 2004 is \$30 billion.³ The final budget, which gives VA \$30 billion for all discretionary funding in FY 2004, allocates only \$29 billion for VA health care -- \$1 billion less than the Administration's own estimates acknowledge is needed to provide care to all veterans.

Moreover, the House and Senate budget agreement endorses the President's proposals to increase fees and copays for Priority 7 and Priority 8 veterans. The budget conferees agreed to provide the level of funding for VA care approved by the Senate. According to the conference report, "The Senate amendment assumes the enactment of legislation to establish the President's proposed \$250 enrollment fee for priority level 7 and 8 veterans. . . . The Senate amendment also assumes legislation will be enacted to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans to \$20 and \$15, respectively."⁴ According to the Administration's own estimates, this increase in fees will "reduce enrollment by 1.254 million, and patients by over 425,000."⁵

Beyond next year, the fiscal constraints get even worse. Although the budget passed by the House and Senate provides more than the President's budget for VA health care in FY 2004, the budget provides less than the President's request for FY 2005 - FY 2008.

Claim: Estimates of the impact of budget provisions on veterans are extrapolations that represent a "leap of faith."⁶ Attempting to estimate specific impacts of the budget on veterans is impossible.

The Facts: The estimates in the staff report of the number of veterans who will lose VA health

care under the President's budget are based on the Administration's own estimates of the impact of specific budget proposals. These estimates are drawn directly from VA's models of (1) the impact of increasing fees for Priority 7 and Priority 8 veterans and (2) the impact of suspending enrollment for Priority 8 veterans.⁷

Claim: The country cannot afford to provide all veterans with health care.

The Facts: The provisions in the President's budget that eliminate or curtail health care for Priority 7 and Priority 8 veterans save approximately \$1.1 billion annually.⁸ This savings is equal to less than 2% of the annual cost of the tax cuts proposed by the Administration.

Endnotes

1. The medical care inflation rate in 2002 was 4.7%. Bureau of Labor Statistics, *Consumer Price Index: All Urban Consumers* (2003).
2. Department of Veterans Affairs, *FY 2004 Budget Submission*, Volume 2, at 2-14 (2003).
3. Department of Veterans Affairs, *Veterans Health Care Enrollment and Expenditure Projections* (Sep. 2002).
4. Joint Explanatory Statement of the Committee of Conference, *Fiscal Year 2004 Budget Resolution* (Apr. 11, 2003) (online at www.house.gov/budget/04stmntmgrs.pdf).
5. Department of Veterans Affairs, *supra* note 2, at 2-53.
6. *Colo. Vets May Face Big Cuts*, Denver Post (Apr. 8, 2003).
7. Department of Veterans Affairs, *supra* note 2. Department of Veterans Affairs, *Impact of Suspending Enrollment of Priority 8 Veterans by State for FY 2003* (2003).
8. *Id.*